

Independent Auditor's Examination Report for the Restated Financial Statements of Essen Speciality Films Limited (Formerly known as Essen Speciality Films Private Limited)

Auditor's Report on the Restated Statement of Assets and Liabilities as at December 31, 2022, March 31, 2022, 2021 and 2020, Profit and Loss and Cash Flows for each of the years ended on December 31, 2022, March 31, 2022, 2021 and 2020 of Essen Speciality Films Limited (Formerly known as Essen Speciality Films Private Limited) (Collectively, the "Restated Financial Information")

To,
The Board of Directors,

Essen Speciality Films Limited (Formerly known as Essen Speciality Films Private Limited)

PLOT NO. A, SURVEY NO. 192,
VERAVAL (SHAPAR), RAJKOT,
Gujarat, 360002, India.

Dear Sir,

1. I have examined the attached Restated Financial Information of Essen Speciality Films Limited (Formerly known as Essen Speciality Films Private Limited) (the "Company") comprising the Restated Statement of Assets and Liabilities (**Annexure I**) as at at December 31, 2022, March 31, 2022, 2021, and 2020, the Restated Statements of Profit and Loss (**Annexure II**), the Restated Cash Flow Statement (**Annexure III**) for the period ended December 31, 2022, and years ended March 31, 2022, 2021, and 2020, the Summary Statement of Significant Accounting Policies (**Annexure IV**), and other explanatory information (collectively, the "**Restated Financial Information**"), annexed to this report and initialed by us for identification purposes. These Restated Financial Statements have been prepared by the management of the Company and approved by the board of directors at their meeting in connection with the proposed Initial Public Offering on EMERGE Platform ("**IPO**" or "**EMERGE IPO**") of National Stock Exchange of India Limited ("**NSE**") of the company.
2. These Restated Summary Statements have been prepared in terms of the requirements of:
 - (i) Section 26 of Part I of Chapter III to the Companies Act, 2013 ("the Act") read with Companies (Prospectus and Allotment of Securities) Rules 2014;
 - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ("ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments / clarifications from time to time;



(iii) The Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time ("Guidance Note").

3. The Company's Board of Directors are responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Draft Red Herring Prospectus , Red Herring Prospectus and Prospectus to be filed with Securities and Exchange Board of India, NSE and Registrar of Companies (Ahmedabad) in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in notes to the Restated Financial Information. Responsibility of the Board of Directors of the companies included designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
4. I have examined such Restated Financial Information taking into consideration:
 - (i) The terms of reference to our engagements with the Company letter dated December 03, 2022 requesting us to carry out the assignment, in connection with the Draft Red Herring Prospectus , Red Herring Prospectus and Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in EMERGE Platform of NSE Limited ("NSE") "EMERGE IPO"; and
 - (ii) The Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India("ICAI"), as amended from time to time ("Guidance Note")
 - (iii) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
 - (iv) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.
5. These Restated Financial Information of the Company have been extracted by the management from:

The Audited Financial Statements of the Company for the financial year ended on March 31, 2022, 2021 and 2020.
6. Audit for the financial period ended on December 31,2022 was conducted by us vide our report dt. February 18, 2023. Audit for the financial year ended March 31, 2022 was conducted by Rushabh R Shah And Co vide report dated September 05, 2022 and for the financial years ended March 31, 2021 and March 31, 2020 was conducted by M/s Purvi Raval and Associates vide report dated September 13, 2021 and November 20, 2020 respectively. There are no audit qualifications in the audit reports issued by previous auditors and which would require adjustments in the Restated



Financial Statements of the Company. The financial report included for these period/years is based solely on the report submitted by him.

7. Based on our examination and according to information and explanations given to us, we are of the opinion that the Restated Financial Statements:

- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial period/year ended on December 31, 2022, March 31, 2022, 2021 and 2020.
- b) do not require any adjustment for modification as there is no modification in the underlying audit reports;
- c) have no extra-ordinary items that need to be disclosed separately in the accounts and requiring adjustments.
- d) have been prepared in accordance with the Act, ICDR Regulations and Guidance Note.

8. In accordance with the requirements of Part I of Chapter III of Act, ICDR Regulations, Guidance Note and Engagement Letter, I report that:

(i) The **"Restated Statement of Assets and Liabilities"** as set out in **Annexure I** to this report, of the Company as at December 31,2022, March 31, 2022, 2021 and 2020 are prepared by the Company and approved by the Board of Directors. These Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies to the Restated Financial Information as set out in **Annexure IV** to this Report.

(ii) The **"Restated Statement of Profit and Loss"** as set out in **Annexure II** to this report, of the Company for the period ended December 31,2022, and years ended March 31, 2022, 2021 and 2020 are prepared by the Company and approved by the Board of Directors. These Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies to the Restated Financial Information as set out in **Annexure IV** to this Report.

(iii) The **"Restated Statement of Cash Flow"** as set out in **Annexure III** to this report, of the Company for the period ended December 31,2022, and years ended March 31, 2022, 2021 and 2020 are prepared by the Company and approved by the Board of Directors. These Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies to Restated Financial Information as set out in **Annexure IV** to this Report.



9. At the request of the company, I have also examined the following financial information ("Other Financial Information") proposed to be included in the offer document prepared by the management and approved by the board of directors of the company and annexed to this report:
1. Details of Share Capital as Restated as appearing in Note No. 3 of ANNEXURE VI to this report;
 2. Details of Reserves and Surplus as Restated as appearing in Note No. 4 of ANNEXURE VI to this report;
 3. Details of Long-Term Borrowings as Restated as appearing in Note No. 5 of ANNEXURE VI to this report;
 4. Details of Deferred Tax Liabilities as Restated as appearing in Note No. 6 of ANNEXURE VI to this report;
 5. Details of Short term borrowings as Restated as appearing in Note No. 7 of ANNEXURE VI to this report;
 6. Details of Trade Payables as Restated as appearing in Note No. 8 of ANNEXURE VI to this report;
 7. Details of Other Current Liabilities as Restated as appearing in Note No. 9 of ANNEXURE VI to this report;
 8. Details of Short-Term Provisions as Restated as appearing in Note No. 10 of ANNEXURE VI to this report;
 9. Details of Property, Plant and Equipment as Restated as appearing in Note No. 11 of ANNEXURE VI to this report;
 10. Details of Non current investments as restated as appearing in Note No. 12 of ANNEXURE VI to this report;
 11. Details of Long term loans and advances as restated as appearing in Note No. 13 of ANNEXURE VI to this report;
 12. Details of Other Non-Current Assets as Restated as appearing in Note No. 14 of ANNEXURE VI to this report;
 13. Details of Inventories as Restated as appearing in Note No. 15 of ANNEXURE VI to this report;
 14. Details of Trade Receivables as Restated enclosed as in Note No. 16 of ANNEXURE VI to this report;
 15. Details of Cash and Cash Equivalents as Restated enclosed as in Note No. 17 of ANNEXURE VI to this report;



16. Details of Short term loans and advances as restated enclosed as in Note No. 18 of ANNEXURE VI to this report;
17. Details of Other Current Assets as Restated as appearing in Note No. 19 of ANNEXURE VI to this report;
18. Details of Revenue from Operations (Net of Taxes) as Restated in Note No. 20 of ANNEXURE VI to this report;
19. Details of Other Income as Restated as appearing in Note No. 21 of ANNEXURE VI to this report;
20. Details of Cost of Materials Consumed as Restated as appearing in Note No. 22 of ANNEXURE VI to this report;
21. Details of Purchases of stock in trade as Restated as appearing in Note No. 23 of ANNEXURE VI to this report;
22. Details of Changes in Inventories as Restated as appearing in Note No. 24 of ANNEXURE VI to this report;
23. Details of Employee Benefit Expenses as Restated as appearing in Note No. 25 of ANNEXURE VI to this report;
24. Details of Finance Costs as Restated as appearing in Note No. 26 of ANNEXURE VI to this report;
25. Details of Depreciation and amortization expenses as Restated as appearing in Note No. 27 of ANNEXURE VI to this report;
26. Details of Other Expenses as Restated as appearing in Note No. 28 of ANNEXURE VI to this report;
27. Statement of Tax Shelter as Restated as appearing in ANNEXURE VII to this report;
28. Details of Related Parties Transactions as Restated as appearing in X to this report;
29. Details of Significant Accounting Ratios as Restated as appearing in ANNEXURE IX to this report
30. Capitalization Statement as Restated as at 31st December, 2022 as appearing in ANNEXURE VIII to this report;



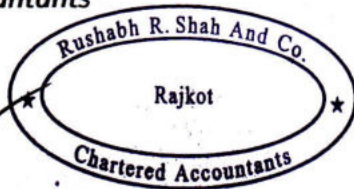
10. I, Rushabh R Shah And Co, hold valid peer review certificate issued by ICAI, as on date of this report.
11. The report should not in any way be construed as a re-issuance or re-drafting of any of the previous audit reports issued by the statutory auditors nor should this report be construed as a new opinion on any of the financial statements referred to therein.
12. I have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. Our report is intended solely for use of the board of directors for inclusion in the offer document to be filed with SEBI, NSE and Registrar of Companies (Ahmedabad) in connection with the proposed EMERGE IPO. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing Note.

For, **Rushabh R Shah and Co**

Chartered Accountants

FRN: 156419W

P. Shah



Rushabh Shah

Proprietor

M.No.: 607585

UDIN : 23607585BGWJSQ4668

Peer Review No.: 014853

Place: Rajkot

Date : February 18, 2023